Part III. Administrative, Procedural, and Miscellaneous

Weighted Average Interest Rate Update

Notice 97–51

Notice 88–73 provides guidelines for determining the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of § 412(c)(7) of the Internal Revenue Code as amended by the Omnibus Budget Reconciliation Act of 1987 and as further amended by the Uruguay Round Agreements Act, Pub. L. 103–465 (GATT).

The average yield on the 30-year Treasury Constant Maturities for August 1997 is 6.58 percent.

The following rates were determined for the plan years beginning in the month shown below.

Month	Year	Weighted Average	90% to 107% Permissible Range	90% to 110% Permissible Range
September	1997	6.84	6.15 to 7.31	6.15 to 7.52

DRAFTING INFORMATION

The principal author of this notice is Donna Prestia of the Employee Plans Division. For further information regarding this notice, call (202) 622-6076 between 2:30 and 3:30 p.m. Eastern time (not a toll-free number). Ms. Prestia's number is (202) 622-7377 (also not a toll-free number).

Qualified State Tuition Programs

Notice 97–52

Section 529 of the Internal Revenue Code provides tax-exempt status to qualified State tuition programs ("QSTPs"). This notice extends the relief granted in Notice 96–58, 1996–2 C.B. 215 concerning the reporting requirements applicable to QSTPs described in § 529 through 1998. Notice 96–58 provides that reporting will not be required for any distribution made by, or benefit furnished in-kind under, a QSTP prior to 1998. In addition, Notice 96–58 provides that the Internal Revenue Service will not assess penalties against program administrators who do not file information returns or provide payee statements on distributions made during 1997 and prior years.

Sections 211 and 1601(h)(1) of the Taxpayer Relief Act of 1997, Pub. L. 105–34 (the "Act") amend § 529. The Act expands the definitions of "qualified higher education expenses" to include room and board expenses, "eligible educational institution" to include certain proprietary institutions and post-secondary vocational institutions, and "member of the family" to include persons described in § 152(a)(1) through (8). The Act clarifies the prohibition against investment direction in § 529(b)(5). The Act amends the gift tax treatment of contributions or transfers to QSTPs made after August 5, 1997, and the estate tax treatment for decedents dying after June 8, 1997.

The Internal Revenue Service is continuing to develop reporting requirements for QSTPs. Because guidance on the reporting requirements must now take account of these amendments and because States will need additional time to implement appropriate recordkeeping and reporting procedures, reporting will not be required for calendar years prior to 1999. Further, the Internal Revenue Service will not assess penalties against program administrators who do not file information returns or provide payee statements on distributions made during 1998 and prior years.

For further information concerning this notice contact Monice Rosenbaum of the Office of Associate Chief Counsel (Employee Benefits and Exempt Organizations) at (202) 622-6070 (not a toll-free number).
